

**The
Crow's Nest
Pass Coal
Company
Limited**



**Eighteenth
Annual Report
1914**



PROCEEDINGS

OF THE

EIGHTEENTH ANNUAL GENERAL MEETING OF SHAREHOLDERS

On the 12th day of March, 1915, the Annual General Meeting of the Shareholders of the Company was held, pursuant to Notice, in the Board Room of the National Life Assurance Company, at 2.30 p.m.

The following Shareholders were present, representing 78% of the stock:

IN PERSON—

A. W. Anglin	Charles S. Murray
Norman Ainley	W. Parkyn Murray
T. O. Anderson	H. B. McGiverin, K.C.
Herbert T. Baily	James Kerr Osborne
E. S. Ball	Elias Rogers
Wm. Crocker	W. H. Robinson
James Cameron	Carmi A. Thompson
James F. Edgar	Gordon Taylor
James Gunn	Col. G. A. Stimson
Dr. G. W. Howland	Henry Swan
Beverley Jones	John Stark

BY PROXY—

A. L. Amys	Geo. A. Chapman
Brown Bros. & Co.	Mrs. Harriet Collard
E. St. G. Baldwin	Daniel Davies
W. P. Clough	John L. Davison
J. L. Counsell	Miss Catherine O. Elwell
E. P. Clarkson	Mrs. Myrtle M. Ellis
G. W. Cook	Ellis P. Earle

BY PROXY—*Continued*

Mrs. Elizabeth Folingsby	A. E. Osler & Co.
Estate Samuel Finley	F. B. Pemberton
A. J. Goodall	T. H. Purdom
Granby Consolidated Mining,	Provident Investment Co.
Smelting & Power Co.	John Rogers
Mrs. Amy I. Gardiner	Alfred Rogers
Henry J. Gardiner	W. Robert, Mgr.
Temple Godman	James H. Swan
Geo. V. J. Greenhill	Jas. H. and Henry Swan
W. H. Goadby & Co.	J. P. Steedman
Miss Edith S. Hill	Mrs. Lucy C. I. Strong
Harris Cook & Co.	C. C. Smith
Hanson Bros.	Nicholas Terhune
Josiah Hemans	C. E. K. Vidal
H. Chippindale Higgin	A. W. Vowell
Mark H. Irish	B. S. Vanstone
Miss Margaret Laurie	Mrs. S. J. Vanstone
Frank E. Maulson	Miss Ida May Vanstone
Frederick R. Martin	Watt & Watt
John W. Murray	V. D. Williamson
W. J. Morrice	Mrs. Mary Simpson S. Wood
D. Morrice	E. C. Whitney
C. J. Major and Jos. Hunter	Henry Winnett
E. T. Nichols	James W. Woods

The President, Mr. Elias Rogers, having taken the Chair, Mr. H. J. Welch was requested to act as Secretary to the Meeting.

The Secretary read the Notice calling the meeting for the 12th day of March, 1915, at 2.30 p.m.

The Minutes of the Seventeenth Annual Meeting, held on the 13th day of March, 1914, were taken as read, whereupon the President signed the same.

The Secretary then read the Eighteenth Annual Report of the Directors, and the accompanying Financial Statement.

DIRECTORS' REPORT

TO THE SHAREHOLDERS:

Your Directors herewith present the Annual Report for the year 1914, including the Statement of Assets and Liabilities as of the 31st December, 1914.

The Balance at the credit of Profit and Loss Account, brought forward from 1913, amounted to \$916,662.51.

The Net Profits of the Coal Company from all sources, including its Subsidiary Companies, for the year 1914, were \$263,483.74, leaving an amount at the credit of Profit and Loss Account to be carried forward to 1915 of \$1,180,146.25.

During the year 1914, the Company reduced the New York loan \$200,000.00, and spent on Improvements and Development work \$137,558.53 in connection with the Coal Company and its Subsidiary Companies.

While the above is a book showing, it must be remembered that for many years the Company was going behind until an indebtedness of One Million dollars had actually been incurred in New York, and a very large amount was owing in Canada. Your Directors during the past few years have been making every effort to get the Company's business on a sound, commercial basis, and have succeeded in very largely reducing the indebtedness above referred to, and regret exceedingly that it has not been possible to do this, and at the same time pay dividends. We still owed in New York \$300,000.00, January 1st last, as shown by the Statement.

The Coal mined during the year amounted to 871,814 tons, and the Coke produced was 223,849 tons. The Coal output for 1914 is therefore 294,564 tons less than 1913, and the Coke production 29,692 tons less than the same year. The Mines in yielding this production only worked about sixty per cent. time. The earnings are therefore proportionately low. At the beginning of 1914, the prospects for a considerably increased output appeared to be very promising, so much so that plans were formulated to largely increase the capacity of the mines. This hopeful outlook continued until the outbreak of the war in Europe, when suddenly the Copper Smelters closed, and the Railways reduced their orders. By the curtailment of output, we not only lost \$37,044.96 cost of keeping up idle plants, but all our sources of revenue were affected.

All of which is respectfully submitted.

ELIAS ROGERS,

President.

TORONTO, March 12th, 1915.

BALANCE SHEET, 31st DECEMBER, 1914

ASSETS

Cash on hand and in Bank..\$	11,154.87	
Accounts Receivable.....	302,887.23	
Inventories—Coal, Coke and Stores.....	285,148.00	
		\$ 599,190.10
Securities Owned.....		833,094.91
Mines, Real Estate, Plant and Development at Cost	7,145,396.76	
Less Reserve for Depletion..	662,788.00	
		6,482,608.76
		<u>\$ 7,914,893.77</u>

LIABILITIES

Accounts Payable.....\$	198,241.39	
Bills Payable.....	300,000.00	
Bank Cheques Outstanding..	3,704.41	
		\$ 501,945.80
Liability Insurance Reserve.....		20,135.06
Capital Stock—Paid up.....	6,212,666.66	
Profit and Loss Account.....	1,180,146.25	
		7,392,812.91
		<u>\$ 7,914,893.77</u>

ELIAS ROGERS,

Treasurer.

PROFIT AND LOSS ACCOUNT

Year Ending 31st December, 1914

Balance at Credit—December 31st, 1913....\$	916,662.51
Profits from Lands, Timber, Subsidiary Companies and Other Sources.....\$	90,670.75
Profit on Coal and Coke Operations.....	172,812.99
	<hr/> 263,483.74
Balance Carried Forward to January 1st, 1915.....	\$ 1,180,146.25
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ELIAS ROGERS,

Treasurer.

TORONTO, ONT., March 12th, 1915.

AUDITORS' REPORT AND CERTIFICATE

To the Shareholders,

The Crow's Nest Pass Coal Company, Limited.

DEAR SIRs:

We beg to report that we have audited the books and accounts of The Crow's Nest Pass Coal Company, Limited, for the year ending 31st December, 1914.

We certify that the appended Balance Sheet is, in our opinion, a true and correct statement of the Company's position as at December 31st, 1914, and as shown by the books.

We further certify that all our requirements as auditors have been complied with.

LAWSON, WELCH & COMPANY,

Chartered Accountants.

TORONTO, ONT., March 8th, 1915.

THE PRESIDENT'S ADDRESS

In moving the adoption of the Report, Mr. Elias Rogers, President of the Company, said:

The Directors' Report and Financial Statement which has been printed and is in your hands, gives a fairly full idea of the Company's progress. I would draw your attention specially to the item in the Statement of Assets, "Reserve for Depletion," \$662,788.00. This sum does not represent depletion in recent years. It is principally intended to cover depreciation that occurred prior to 1909, and in that connection I might say that the amount that you see, "Balance carried forward," in my opinion ought to be changed, because it gives a wrong impression. Even the \$662,788.00 does not cover all the old depletion.

In view of the fact that I have received a number of letters enquiring about the operations of the Company, I propose to give for the benefit of Shareholders, in brief a history of the Company from the early days, when it began operations.

The Company was organized originally under a Dominion Charter as the Kootenay Coal Company, Limited, April 15th, 1897, with a Capital Stock of \$1,500,000, shares \$25 each. Supplementary Letters Patent were issued on the 20th October, 1897, changing the name from that of The Kootenay Coal Company, to The Crow's Nest Pass Coal Company, Limited. Further Supplementary Letters Patent were issued on the 21st day of March, 1899, increasing the Capital Stock to \$2,000,000.00, or an increase of \$500,000.00. February 19th, 1901, further Supplementary Letters Patent were issued authorizing an increase in the Capital to \$3,500,000.00. \$500,000.00 of this issue was sold at a premium of 60c. on the dollar, the Company receiving therefor \$800,000.00. In 1902, \$351,472.50 more of the authorized capital was issued at a premium of \$512,-208.75, or a total of \$863,681.25 which the Company received in cash. In 1903, \$599,017.50 more of the authorized capital was issued at a premium of \$913,526.25, or a total of \$1,512,543.75,

which the Company received that year in cash. Further Supplementary Letters Patent were issued on the 13th of December, 1904, consolidating the shares of the Company from \$25 per share to \$100 per share, par value. In the same year, further stock was issued to the extent of \$25,910.50, for which a premium was paid of \$38,865.00, or a total in cash of \$64,775.00. The balance of the authorized issue of \$3,500,000, namely \$23,600.00, was issued in 1905 at a premium of \$35,400.00, or a total in cash receipts of \$59,000.00. On the 23rd day of May, 1907, further Supplementary Letters Patent were issued increasing the authorized capital of the Company to \$4,000,000.00, and in the same year \$216,280.00 of stock was issued at a premium of \$324,420.00, or total cash receipts to the Company of \$540,700.00. On the 27th of April, 1908, Supplementary Letters Patent were issued increasing the authorized capital of the Company from \$4,000,000.00 to \$10,000,000.00, as at present. In that year \$11,320.00 more stock was taken up at a premium of \$16,830.00, or total cash receipts of \$28,150.00. In the same year Stock bonus dividend was declared amounting to \$2,485,066.66, making the paid up Capital \$6,212,666.66, as shown in the Statement to-day. The total amount received in premiums in cash on stock sold, in addition to the cash par value of stock, was \$2,141,250.00.

The following are the dividends paid in cash:

1901—10%.....	\$242,705.50
1902—10%.....	250,000.00
1903—10%.....	303,717.36
1904—10%.....	347,807.25
1905—10%.....	349,418.05
1906—10%.....	350,000.00
1907—10%.....	355,178.98
1908— 3%.....	185,825.20
1909—.....
1910— 2%.....	124,216.00
1911— 1%.....	62,110.00
1912—.....
1913—.....
1914—.....
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	\$5,056,045.00

In 1908, One Million dollars was borrowed on Demand Notes from the First National Bank. Previous to that time considerable sums had been borrowed from the Canadian banks. Early in 1909 there was a considerable amount owing on contracts and to Banks in Canada, in addition to the One Million dollars in New York.

I am giving the above figures for the purpose of showing where the money came from for most of the Mine Development, Plant, Equipment and Dividends which was paid out.

Although it is a repetition to some extent of what I have said on former occasions, I may add that if the market conditions prevailing now were the same as they were years ago, we would be able to make a much better showing. We have now not only to compete with oil, which has taken away about 1,500 tons per day of our normal trade, but we have also some twelve other companies to compete with, operating mines to the east of us which have been developed within the last few years.

During the year 1914, we have paid all of the remaining Bonds outstanding against the Morrissey, Fernie & Michel Railway Company, amounting to \$10,372.50, including interest, in addition to paying \$200,000 to the First National Bank, New York, and at the present time the Company is free from bonded indebtedness of any kind, i.e., the Coal Company or either of its Subsidiary Companies, and there is no Preferred Stock. Since the date of our Annual Statement we have paid another \$50,000.00 to the First National Bank, New York, reducing our indebtedness to that Institution to \$250,000.00 at the present time. We have no indebtedness in Canada, except current obligations against which we have Accounts Receivable more than sufficient to pay, as well as having a substantial credit balance in the Bank.

The amount charged to Capital Account in the Statement during the past year includes the erection of a store at Michel at a cost of \$30,740.47, which we have rented to pay twenty per cent. interest on the cost.

During the year 1914 we have driven 45,678 feet of coal development at Coal Creek, and 21,734 feet at Michel, all of which have been charged to "Cost of Coal." We have also spent \$59,368.54 on Rock Development at Coal Creek, and \$14,979.27 at Michel. Our total surface expenditure, including the store above referred

to, amounts to \$62,751.46, or a total expenditure on Capital Account in the Coal Company and its Subsidiary Companies of \$137,558.53, as shown in the Directors' Report, including store above referred to, and to-day the property as outlined in new work and material supplies, provides for an output of approximately 1,700,000 tons per year.

Had normal conditions prevailed during the year, we would now have been out of debt, and in a position to commence paying some dividend, also to put aside something for reserve, so as to place the Company on a permanent dividend-paying basis.

At the outbreak of the war, all Copper Smelters we were supplying, both in Canada and the United States, stopped shipments. This together with light traffic on the railways, almost cut our trade demands in two, the result being not only the loss of profits on trade which we would otherwise have had, but also \$37,044.96 cost in maintaining idle plants. The average number of days which the Mines worked were only $172\frac{1}{2}$ days at Coal Creek, and 205 days at Michel, or in other words, Coal Creek only worked $57\frac{1}{2}\%$ time, and Michel $68\frac{3}{8}\%$ time for the whole year. While I am not optimistic about the immediate future, I have never changed my mind as to the ultimate value of the Company's property. I never advised anyone to buy stock at the high prices that prevailed at one time, but I certainly do not advise anyone to sell now at less than par. How long the present depressed conditions will prevail, most of the Shareholders are as well able to decide as I am. I can only say in the meantime, that every effort is being made to reduce expenses consistent with keeping the property in order. In this connection I cannot give too much praise to our General Manager, Mr. W. R. Wilson, the value of whose services to the Company are hard to over-estimate. He has had the loyal support of all the other Officials of the Company, and the sincere thanks of the Shareholders are due to them all for the results that have been accomplished.

I beg to move the adoption of the Report, and will ask Mr. Robinson to second the motion, after which the Shareholders are at liberty to ask any questions.

Mr. W. H. Robinson seconded the motion to adopt the Report.

SHAREHOLDER: You spoke, in reviewing the history of the Company, about the curtailment of market. Is there any chance of our market improving?

CHAIRMAN: Well, the Copper Smelters are starting up. Perhaps Mr. Robinson can tell more about prospects in that direction than I can. The traffic on the railways runs almost parallel with the operations of the copper companies. I do not know whether Mr. Robinson would feel like saying anything about copper prospects.

MR. ROBINSON: I might say that the Company in which I am interested stopped work last summer, the same as all other companies did, on account of the very low price of copper, but we have commenced operations again with the expectation that the outlook for the price of copper would be better, and our action, I think, will be justified. There has been an improvement in copper, and at our works at Grand Forks at the present time we are running from four to six furnaces, which would average about Sixty per cent. of the work that we were doing before we closed down. I do not look for very much of an increase in our work for a few months at any rate.

SHAREHOLDER: Mr. President, at the rate of the earnings of the Company now, how long would it take to pay off the indebtedness of \$250,000.00?

CHAIRMAN: I can say in answer to that, the Board have under consideration now the closing down of a

part of the plant. Our Mines are now in a position to produce much more than the market can take, and I do not think it likely that we will have a market for our full capacity for some time to come. Of course you cannot close down a mine without incurring expense in opening up again, but it is a question whether it would not be better to close some part of the workings until needed for market demands and stand the expense until the time comes for opening up, rather than go on with the expense of maintaining idle plants. If we shut down part of our plant, thus reducing the cost of idle plants, it would tend to increase our profits.

The motion was put to the meeting, and the Report was unanimously adopted.

On motion of Mr. H. B. McGiverin, seconded by Mr. J. K. Osborne, the firm of Messrs. Lawson, Welch & Co., Chartered Accountants, were appointed Auditors of the Company for the ensuing year. (Carried.)

On motion of Mr. Henry Swan, seconded by Mr. Wm. Crocker, By-law No. 139, being a By-law to amend By-law No. 1, as amended by By-laws Nos. 96 and 116, to change the date of the Annual Meeting from the second Friday in March, to the second Friday in April, was confirmed.

On motion of Mr. Gordon Taylor, seconded by Col. G. A. Stimson, By-law No. 140, being a By-law to amend By-law No. 68, so that if a Certificate becomes worn out, lost or destroyed, the Directors may, upon proof thereof, and in the case of loss or destruction, the giving of a proper bond of indemnity to their satisfac-

tion by such Shareholder, authorize the issue of a new Certificate, was confirmed.

It was moved by Mr. J. F. Edgar, and seconded by Mr. E. S. Ball, and Resolved, that the thanks of the Shareholders are due and are hereby tendered to the Officers of the Company for their zeal and effective services in the interest of the Company during the past year. Mr. Edgar said: "I have much pleasure in moving this resolution now, and I will have a great deal more pleasure next year if there is a dividend in the meantime."

CHAIRMAN: I am sure the Officers of the Company will appreciate this action on the part of the Shareholders. (Carried.)

On motion of Dr. Howland, seconded by Mr. Robinson, it was resolved that Mr. Crocker and Mr. Edgar be appointed Scrutineers for the election of Directors. (Carried.)

On motion of Mr. J. F. Edgar, seconded by Mr. Beverley Jones, the following gentlemen were nominated as Directors of the Company for the ensuing year: Elias Rogers, E. C. Whitney, Carmi A. Thompson, H. B. McGiverin, W. H. Robinson, Dr. G. W. Howland and Ellis P. Earle. (Carried.)

On motion of Mr. J. K. Osborne, seconded by Mr. T. O. Anderson, it was resolved that the Chairman cast one ballot on behalf of the Shareholders and in favor of the names nominated as Directors of the Company for the ensuing year. (Carried.)

CHAIRMAN: I deposit one ballot in favor of the names nominated.

The Scrutineers reported the gentlemen nominated as having been duly elected Directors for the year 1915.

The meeting then adjourned.

At a subsequent meeting of the Directors, the following Officers were elected:

President.....	MR. ELIAS ROGERS
Vice-President.....	MR. E. C. WHITNEY
Treasurer.....	MR. ELIAS ROGERS
Secretary.....	MR. R. M. YOUNG
Assistant Secretary.....	MISS L. M. KELLEY



